



PAY TEAM REFERENCE GUIDE

PT-809

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For Additional Information: (703)696-6301 (DSN 426)

ADMINISTRATION OF LOCALITY PAY

References: 5 U.S.C. 5304 through 5306, and 5532

5 CFR 359.705; Part 531 subpart F; Part 536

Department of State Standardized Regulations (DSSR), Chapters 500 and 850

Eligibility

- Employees eligible to receive locality pay within the Department of Defense (DoD):
 - General Schedule (GS), including General Manager (GM) employees, whose official duty stations are located within the continental United States
 - Students appointed under the Student Educational Employment Program whose rates of basic pay are established under the General Schedule
 - Employees in senior level (SL) and scientific or professional (ST) positions and members of the Senior Executive Service (SES)
 - Members of Boards of Contract Appeals (BCA) paid under 5 U.S.C. 5372a
 - Employees whose rates of pay are administratively determined (AD) under 5 U.S.C. 5306. The pay of such employees is increased at the discretion of the head of the employing agency. However, Office of Personnel Management approval is required for the extension of locality pay to AD schedules. Such approval has been obtained for most AD schedules.
- Employees ineligible to receive locality pay within the Department of Defense (DoD):
 - Federal Wage System (FWS) employees
 - Employees receiving special salary rates established under 5 U.S.C. 5305 or other similar provision of law (see page 4 of this guide, last Q & A)
 - GS employees whose official duty station is outside the continental United States
 - Employees benefiting from continuation of an adjusted annual rate of pay under 5 CFR part 531, subpart G

- Locality pay terminates on the date:

- An employee's official duty station is no longer in an approved locality pay area (NOTE: locality pay changes when an employee moves to a position in another locality pay area)

- An employee moves to a position not covered by 5 CFR, part 531, subpart F

- An employee separates from Federal service

Entitlements:

- Locality pay is considered to be basic pay for the following purposes:

- CSRS and FERS retirement calculations

- Thrift Savings Plan contributions

- Life insurance premiums and benefits

- Premium pay including night pay differential, pay for holiday work, overtime pay, compensatory time off, administratively uncontrollable overtime, availability pay, Sunday pay, hazard pay, standby duty pay, and the limitations on premium pay

- Overtime pay under the Fair Labor Standards Act

- Severance pay calculations

- Back pay

- Workers' compensation payments for GS employees or employees on grade retention from GS positions

- Lump sum payments for annual leave

- Advances of pay (not authorized within DoD except when an employee is being permanently assigned to a post in a foreign area. See DSSR, Chapter 850 for further guidance)

- Locality pay is not considered basic pay for the purposes of processing the following pay actions:

- Promotions, within-grade increases, pay setting using highest previous rate provisions or for employees entitled to pay retention

- Recruitment and relocation bonuses, and retention allowances

- Supervisory differential

- Danger pay

- Post differentials for employees serving on temporary duty assignments in foreign areas. Employees are eligible to receive post differentials after they have been detailed at one or more differential posts during any one period of 42 days (See DSSR, Chapter 500, paragraph 541)

- Locality pay entitlements under grade retention and pay retention:

- An employee on grade retention, retaining a GS grade is entitled to locality pay
- An employee on grade retention, retaining an FWS grade is not entitled to locality pay
- An employee on pay retention in a GS position is entitled to 100% of locality pay in addition to the retained rate
- An employee on pay retention in an FWS position is not entitled to locality pay

Frequently Asked Questions and Answers

Q. How do you determine an employee's locality rate of pay?

A. To determine an employee's locality rate of pay, increase the employee's scheduled annual rate of pay (basic pay) by the percentage authorized for the locality pay area in which the employee's official duty station is located.

Q. What is meant by the term "scheduled annual rate of pay"?

A. Scheduled annual rate of pay means:

- The General Schedule rate of basic pay for the employee's grade and step (or relative position in the rate range)

- A special rate for law enforcement officers under section 403 of the Federal Employees Pay Comparability Act of 1990 (FEPCA)

- The rate of pay received by a GM employee on a special salary rate under 5 U.S.C. 5305 or similar provision of law, reduced by the overall increase provided by the special salary rate

- The retained rate of pay granted an employee under 5 CFR Part 536, 5 CFR 359.705, or 5 U.S.C. 5334(b)(2)

- The rate of basic pay for categories of employees described in 5 U.S.C. 5304(h)(1)(A), (B), (D), or (E) for which the President (or his designee) has authorized locality-based comparability payments under 5 U.S.C. 5304(h)(2)

Q. A GM employee's rate of basic pay falls between two steps on the General Schedule. How will the employee's locality pay be computed?

A. Locality pay for a GM employee is calculated by multiplying the employee's rate of basic pay by the locality percentage applicable to his or her official duty station. For example, if a GM employee's rate of basic pay is \$76,304 in 1999 and the locality percentage is 3.68%, his or her pay will be increased by \$2,808 ($\$76,304 \times 3.68\% = \$2,808$).

Q. Is a retained rate of pay used as a basis for calculating locality pay for a GS employee on pay retention?

A. Yes, the GS employee will receive a locality pay adjustment on the basis of the retained rate of pay, even if the retained rate of pay is based on a special salary rate.

Q. What happens to an employee's locality pay if he or she is temporarily detailed to an overseas location or to another locality where the locality comparability payment is lower?

A. If the employee's official duty station does not change, his or her locality pay remains the same. Entitlement to locality pay is based on the official duty station for the employee's permanent position.

Q. When a locality pay adjustment exceeds the basic pay of a GS employee on a special salary rate, is the employee removed from the special salary rate table?

A. No, as long as the employee is in a position covered by a special salary rate table the special salary rate remains the employee's rate of basic pay. When a locality pay adjustment exceeds the special salary rate the employee receives the difference between the special salary rate and the locality rate.